

## Policy pointers

**Least developed countries (LDCs), small island developing states (SIDS) and their international partners must take practical action now to address the multidimensional nature of loss and damage risks faced by marginalised groups and people living in poverty.**

**National governments in high-risk countries and their partners can address loss and damage using a comprehensive approach that tackles the diverse risks faced by different people, communities, ecosystems and enterprises from different climate hazards over time.**

**Loss and damage action should prioritise tackling risks faced by marginalised groups and people living in poverty, especially non-economic and informal types of loss and damage that affect them disproportionately.**

**International donors should provide financial and technical support to address loss and damage using dedicated, tailored approaches that are designed and resourced adequately to meet the diverse challenges posed to high-risk countries and communities.**

## Tackling loss and damage risks: seven key action areas

Loss and damage caused by climate change is mounting in countries and at-risk communities across the global South and must be addressed urgently and at scale. But we still lack consensus on what loss and damage means and how it can be tackled effectively in practice at national and local levels. In this briefing, we outline our understanding of the nature of loss and damage and the risks it poses to the people and places most vulnerable to climate impacts in least developed countries (LDCs) and small island developing states (SIDS). Based on extensive research and consultation with stakeholders across the global South, we outline seven key features of loss and damage risk and suggest how policymakers and practitioners at national and sub-national levels and their international partners might address them in practice.<sup>1</sup>

Climate change is causing catastrophic loss and damage across the global South.<sup>2</sup> As global temperatures rise, these impacts will become more severe, causing a vicious cascade that pushes poor countries deeper into debt as they struggle to recover from each new shock.<sup>3,4</sup> As the myriad types of loss and damage compound one another, the costs of response and recovery mount. This will severely erode the ability of poor countries to adapt to climate change and achieve sustainable development.<sup>5</sup> Households, communities and countries may be pushed into permanent humanitarian crises.

National governments and local communities are facing the need to take urgent action, so international partners must support them to ensure the most at-risk countries and communities can address the loss and damage that affects them today and in years to come. Given the slow pace and unequal reach of adaptation action,<sup>2,6</sup> it is inevitable that many countries and communities will be unable to adapt quickly enough to overcome the loss and damage risks they face.<sup>2,7</sup> While climate adaptation

and mitigation must accelerate rapidly to minimise and avert climate impacts, they are not sufficient to address loss and damage that is unavoidable or cannot be avoided through adaptation and mitigation efforts. We need dedicated action to address loss and damage — especially in the most at-risk countries and communities.

### Why we need urgent practical action now

Progress on loss and damage by the Warsaw International Mechanism (WIM) and at the UN Climate Change Conferences of the Parties is slow.<sup>8</sup> We still lack a collective understanding of what loss and damage means and how it can be tackled in practice at national and local levels.

The UN Framework Convention on Climate Change (UNFCCC) uses a working definition which refers to loss and damage as ‘the actual and/or potential manifestation of impacts associated with climate change in developing countries that negatively affect human and natural systems’. This includes both extreme weather events and slow onset

## *It is inevitable that many countries will be unable to adapt quickly enough to overcome the loss and damage risks they face*

processes.<sup>9</sup> But stakeholders still have divergent views on how this should be interpreted.<sup>10,11</sup>

The spectrum of perspectives on loss and damage ranges from a narrow 'adaptation and mitigation' position (which justifies business as usual) to an 'existential' position (which argues for urgent action to address climate risks in highly vulnerable

countries). Rich industrialised countries seek to avoid liability for loss and damage by arguing that adverse climate impacts in developing countries can be 'averted' or 'minimised' by mitigation and adaptation efforts, and that any loss and damage caused by climate change can be addressed through existing humanitarian or disaster response mechanisms. Conversely, the most vulnerable developing countries and their allies in civil society argue that, in addition to mitigation and adaptation, loss and damage is a distinct third 'pillar' of the Paris Agreement and that specific mechanisms must be established to address the unavoidable adverse impacts of climate change.<sup>12</sup>

These divergent understandings dominate international debates on loss and damage and overshadow how it can be addressed effectively in affected communities, despite the rapidly growing need to do so urgently and at scale. In our analysis, these perspectives do not consider sufficiently:

- The complex nature of loss and damage risks that affected and at-risk people face from climate hazards, and how those risks relate to longer-term processes of (mal)adaptation and development that determine levels of residual risk,<sup>1</sup> or
- The urgent technical needs of stakeholders (governments, civil society, private sector, communities) responsible for developing policies, designing programmes and implementing measures to address loss and damage now and in the future.<sup>13</sup>

To tackle it effectively, stakeholders must adopt an approach that actively considers the complex, unequal and multidimensional nature of the loss and damage risks faced by people and places today, and how these risks will evolve as climate change intensifies. They must also acknowledge the finance and technical tools urgently needed to address those risks over time.<sup>1</sup>

### **Understanding the complexity of loss and damage risks**

Our research highlights that risks associated with loss and damage have particular characteristics, which demand a tailored approach.

**Loss and damage is caused by unprecedented shocks and stresses** due to climate change and because households, communities or countries have passed beyond the limits of adaptation.<sup>2</sup> Given the escalating risk of intensifying, compounding climate impacts and of 'fat-tail' climate events (low-probability events that have catastrophic consequences), it is increasingly likely that the limits to adaptation will be reached and breached in at-risk communities and countries, and that loss and damage risks cannot be predicted or planned for using methods that focus on data or experience from the past.

**Loss and damage risks vary between countries and regions, such that LDCs, low-income countries and SIDS face a higher risk** of experiencing major loss and damage.<sup>1</sup> This is a climate justice issue. Those least responsible for climate impacts are experiencing loss and damage first and worst, but without the financial support to address it. This builds on a history of loss and damage in many global South contexts through processes of colonisation, resource extraction, exploitation, imperialism, maldevelopment and maladaptation projects, as well as structural adjustment and debt.

### **Adaptation actions that may be effective today will not be effective in the future.**<sup>2,14</sup>

Adaptation actions must account for the escalating risk of intensifying and compounding climate impacts by integrating measures to address loss and damage. The scale and nature of actual and potential loss and damage in the global South mean that it cannot be addressed by existing mechanisms to deliver adaptation, disaster risk reduction (DRR) or humanitarian relief.<sup>1,15</sup> International donors should support national governments to address loss and damage using dedicated, tailored approaches that are designed and resourced to meet the diverse challenges posed by the climate emergency to high-risk countries and communities.

**Loss and damage risks are multidimensional and affect people differently**, depending on highly contextual complex factors. Intersectional inequality and marginalisation based on gender, race, caste or disability, for example, shape different people's experiences of loss and damage. These risks can only be addressed effectively if the varied forms of exposure, vulnerability and adaptive capacity of different people are considered. Experiences of loss and damage vary widely between individuals, communities and social groups, locations and ecosystems, regions and countries. They will also vary over time as climatic, environmental and socioeconomic systems change.

**Loss and damage disproportionately impacts marginalised groups and people living in poverty**, especially women and children, people living with disabilities, elderly people, LGBTQI+ people, ethnic and linguistic minorities, and Indigenous Peoples.<sup>16</sup> Their vulnerabilities stem from processes of social exclusion and the inequitable distribution of power and resources in society.<sup>17</sup> Marginalised people have higher levels of exposure and vulnerability to climate shocks and stresses and lower levels of adaptive and coping capacity. They are worse impacted by climate shocks than more affluent or privileged segments of the population.<sup>16</sup> Relatively small shocks can devastate livelihoods and well-being, while lack of access to support and resources means they may be unable to recover.

**The impact of 'informal' and non-economic loss and damage on marginalised groups is overlooked.** Current measures of loss and damage focus on monetary value,<sup>18,19</sup> so they tend to only capture the losses of wealthier social groups and obscure those incurred by poor and marginalised people, overlooking the impacts of climate shocks on informal or undocumented economies and settlements. There is also insufficient action to understand and address the non-economic dimensions of loss and damage, which disproportionately affect marginalised groups. These include loss of life, health, human mobility, territory, cultural heritage, Indigenous knowledge, biodiversity, social cohesion, emotional well-being, and exposure to new forms of exploitation.<sup>1</sup>

### Seven key areas for practical action

Addressing loss and damage requires a comprehensive approach, given the multidimensional nature of loss and damage risks. We have identified seven key features of loss and damage risk that should inform practical action at national and local levels.<sup>20</sup>

#### Action area 1: conduct robust assessments of potential climate impacts

- **Key feature of loss and damage risk:** extreme weather events and slow-onset processes caused by climate change are unprecedented in magnitude, frequency, location and timing. Loss and damage cannot be addressed solely on the basis of our knowledge of past trends and patterns of disaster impact.
- **Action:** must be based on robust assessments of potential climate impacts of hazards that will be caused or exacerbated by climate change, and must consider the effects of compounding impacts and the increasing likelihood of low-probability but high-impact events.

#### Action area 2: base actions on regular risk assessments

- **Key feature of loss and damage risk:** loss and damage risks are dynamic, uncertain, and will increase unpredictably over time. These risks evolve in relation to the evolution of hazards and depending on changes in societies, economies, political systems and ecosystems. But uncertainty is no excuse for inaction.
- **Action:** must be based on regular risk assessments that involve vulnerable communities and the layering of interventions to address diverse risks over time. Uncertainty requires decisions to be made in new ways, for example, robust analysis across a range of possible futures, sufficient redundancy in systems to protect core services, and building flexibility into a system until future realities are clearer.

#### Action area 3: consider all consecutive and compounding risks in risk assessments and responses

- **Key feature of loss and damage risk:** consecutive and compounding climate impacts produce cascades of loss and damage. Loss and damage risks cannot be viewed in isolation from each other.
- **Action:** must be based on continuously updated risk assessments that consider all possible risks and responses and how they impact one another. Responses to loss and damage must be ratcheted up as necessary to tackle the compounding risks that consecutive and compounding events will cause.

#### Action area 4: prioritise the needs of marginalised groups

- **Key feature of loss and damage risk:** loss and damage disproportionately impacts marginalised groups and people living in poverty. Some countries, communities and groups are more vulnerable to loss and damage than others. Marginalised groups have the least capacity to prepare, cope or recover from the risks they face.
- **Action:** prioritise the needs of marginalised people in the global South, ensuring that support and protection are delivered in a manner that is timely, appropriate, equitable and guarantees their rights.

#### Action area 5: prioritise non-economic and informal types of loss and damage

- **Key feature of loss and damage risk:** marginalised groups and people living in poverty

are most at risk of climate impacts and are disproportionately impacted by non-economic and 'informal' types of loss and damage, which are excluded from estimations of loss and damage. The multidimensional losses and damages of marginalised groups must be accounted for, including non-economic and informal losses and damages.

- **Action:** prioritise actions to address non-economic and informal forms of loss and damage and assess loss and damage in terms that matter to affected and at-risk populations.

### Action area 6: use bottom-up decision-making processes

- **Key feature of loss and damage risk:** levels of loss and damage risk depend upon people's values and lived experiences and are highly differentiated. Efforts to assess loss and damage risks must seek to understand the varied risk perceptions of different people and groups.
- **Action:** use bottom-up approaches grounded in people's values and lived experiences that take into account the power relations that determine whose voices are prioritised in decision making.

### Action area 7: support local-level action

- **Key feature of loss and damage risk:** loss and damage risks and impacts are highly context specific. The specific forms that different people face vary based on a wide range of context-dependent factors. Top-down, one-size-fits-all solutions based on universal assumptions are inappropriate and unlikely to be successful.

- **Action:** use a whole-of-society approach that devolves resources, authority and agency to the local level as much as possible, and prioritise local leadership by those who understand and have experienced loss and damage.

### Conclusion

As the scale of loss and damage escalates with global heating, local actors, national governments and their international partners must take urgent action that prioritises support for those who are most at risk, and especially women and Indigenous Peoples.

Actions to address loss and damage at national and local levels must account for the complex, multidimensional and inequitable nature of loss and damage risks. They must consider the intersectional lines along which vulnerability to climate impacts are distributed. They must also consider how loss and damage risks will escalate and evolve over time. Instead of focusing on economic forms of loss and damage, any action must engage with people's lived experiences, to understand and prioritise the non-economic and informal forms of loss and damage that disproportionately affect marginalised groups and people living in poverty.

Given the complex nature of loss and damage risks, national governments and their local and international partners must actively develop comprehensive approaches that consider the specific characteristics of loss and damage risks and how they will change over time as climate change impacts intensify.

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A full list of contributors to this research is available in: Addison et al. (2022).<sup>1</sup>

### Notes

<sup>1</sup> The research is outlined in more detail in Addison, S, Bharadwaj, R, Carthy, A, Gallagher, C, More, C, Nisi, N and Shakya, C (2022) Addressing loss and damage: practical insights for tackling multidimensional risks in LDCs and SIDS. IIED, London, pubs.iied.org/21046iied / <sup>2</sup> IPCC (2022) Summary for policymakers. In: *Climate change 2022: impacts, adaptation, and vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*. / <sup>3</sup> IMF (2020) The evolution of public debt vulnerabilities in lower income economies. <https://bit.ly/3K1mzA4> / <sup>4</sup> UNEP (2021) Adaptation gap report 2021: the gathering storm – adapting to climate change in a post-pandemic world. <https://bit.ly/3wduxQS> / <sup>5</sup> van der Geest, K and Schindler, M (2017) Handbook for assessing loss and damage in vulnerable communities. UNU-EHS, Bonn. / <sup>6</sup> Shakya, C and Barnes, J (2022) Fair share of adaptation finance in 2025. IIED, London. pubs.iied.org/20976iied / <sup>7</sup> Mechler, R, Singh, C, Ebi, K, Djalante, R, Thomas, A, James, R, Tschakert, P, Wewerinke-Singh, M, Schinko, T, Ley, D, Nalau, J, Bouwer, LM, Huggel, C, Huq, S, Linnerooth-Bayer, J, Surminski, S, Pinho, P, Jones, R, Boyd, E and Revi, A (2020) Loss and damage and limits to adaptation: recent IPCC insights and implications for climate science and policy. *Sustainability Science* 15: 1,245–1,251. / <sup>8</sup> Schalatek, L and Roberts, E (16 December 2021) Deferred not defeated: the outcome on loss and damage finance at COP26 and next steps. Heinrich Böll Foundation. <https://bit.ly/3PxneKH> / <sup>9</sup> UNFCCC (2012) A literature review on the topics in the context of thematic area 2 of the work programme on loss and damage: a range of approaches to address loss and damage associated with the adverse effects of climate change. <https://unfccc.int/documents/7427> / <sup>10</sup> Boyd, E, James, R, Jones, R, Young, H and Otto, F (2017) A typology of loss and damage perspectives. *Nature Climate Change* 7: 723–729. / <sup>11</sup> More, C and Addison, S (2022) Conceptualising loss and damage. In: note 1. / <sup>12</sup> Statements made at the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow on 31 October–13 November 2021: joint statement by the G77 and China; individual national statements by Phillip Joseph Pierre, Prime Minister of Saint Lucia; James Cadet, Minister of Environment of Haiti; John A Briceño, Prime Minister of Belize; and Kausea Natano, Prime Minister of Tuvalu. / <sup>13</sup> Bharadwaj, R, Gallagher, C, Carthy, A, Nisi, N, Shakya, C and Addison, S (2021a) Climate change loss and damage: 1st deliberative dialogue report. IIED, London. pubs.iied.org/20346iied / <sup>14</sup> McNamara, KE and Jackson, G (2018) Loss and damage: a review of the literature and directions for future research. *Wiley Interdisciplinary Reviews: Climate Change* 10(2). / <sup>15</sup> Kreft, S, Warner K, Harmeling, S and Roberts, E (2013) Framing the loss and damage debate: a thought starter by the loss and damage in vulnerable countries initiative. In: *Climate change: international law and global governance*. UNU-EHS, Baden-Baden. / <sup>16</sup> Schäfer, L, Jorks, P, Seck, E, Koulibaly, O and Diouf, A (2021) Slow-onset processes and resulting loss and damage: an introduction. *Germanwatch*, Bonn. <https://bit.ly/3CjpOkr> / <sup>17</sup> Scoville-Simonds, M, Jamali, H and Hufty, M (2020) The hazards of mainstreaming: climate change adaptation politics in three dimensions. *World Development* 125: 104683. / <sup>18</sup> Morrissey, J and Oliver-Smith, A (2013) Loss & damage: perspectives on non-economic loss and damage. Understanding values at risk from climate change. UNU-EHS. / <sup>19</sup> Tschakert, P, Barnett, J, Ellis, N, Lawrence, C, Tuana, N, New, M, Elrick-Barr, C, Pandit, R and Pannell, D (2017) Climate change and loss, as if people mattered: values, places, and experiences. *Wiley Interdisciplinary Reviews: Climate Change* 8(5): 476. / <sup>20</sup> For a detailed analysis, see chapter four in note 1 on the key features of loss and damage risk.



## Knowledge Products

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